

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10
AGRE-00 AID-05 EB-08 COME-00 TRSE-00 USIE-00
CIAE-00 INR-07 LAB-04 NSAE-00 SP-02 STR-05 FRB-03
OMB-01 INRE-00 SSO-00 OIC-02 NSC-05 SS-15 CEA-01
L-03 /128 W

-----057351 110710Z /14

O 102222Z NOV 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 8374

INFO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 ROME 18430

LONDON FOR HATHAWAY

FODAG

E.O. 11652: GDS

TAGS: FAO, OCON, AORG

SUBJECT:

REF STATE 269395

1. CONVEYED POSITION IN REFTEL TO GENEVA GROUP (GG) EARLY NOVEMBER 10. AT SAME TIME, WE INDICATED TO DG WEST THAT WE PREFERRED TO SEE QUESTION GO TO CONFERENCE UNDECIDED RATHER THAN ACCEPT CONTACT GROUP TEXT. WE INDICATED MINIMUM CHANGE WHICH WOULD BE REQUIRED IN OP PARA 3, SUB PARA III.

2. DISCUSSION IN GENEVA GROUP DEMONSTRATED CLEAR SPLIT IN RANKS WITH FRANCE TAKING HARDEST LINE LOOKING TOWARD DEFEAT AT CONFERENCE ON BASIS DG'S ORIGINAL NOV, 8 TEXT BEGIN BRACKET FRENCH APPEARED TO PREFER TO LOST THEIR SHARE OF \$10 MILLION IN UNEQUIVOCAL MANNER SO AS TO UNDERLINE ARBITRARINESS OF DG PROPOSAL AND JUSTIFY FUTURE POSTURE

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OF REFUSING ANY VOLUNTARY CONTRIBUTION END BRACKET.

3. GERMANS, JAPANESE, SWISS AND CANADIANS INDICATED DOUBT THEY COULD ACCEPT PRESENT CONTACT GROUP TEXT ALTHOUGH THEY SPOKE MORE IN TERMS OF RESERVING ON IT THAN SEEKING OPPORTUNITY TO OPPOSE IT.

4. REMAINING MEMBERS INDICATED THEY COULD ACCEPT DG'S CONTACT GROUP TEXT AS AMENDED.

5. DURING GG MEETING, ADG WEST SENT NOT SAYING DG ADAMANT ON NOT GOING BEYOND TEXT OF NOV. 9 CONTACT GROUP MEETING. G-77 REPORTEDLY KEEPING THIS POSITION. HOWEVER, DG PREPARED TO MEET AGAIN WITH CONTACT GROUP.

6. GG AGREED THAT US, UK, AND NETH DELS SHOULD RETURN TO CONTACT GROUP AND SUPPORT PROPOSAL OF US, STRONGLY BACKED BY FRANCE, TO PROPOSE THAT COUNCIL TRANSMIT ORIGINAL DG RESOLUTION AND US AMENDMENT TO CONFERENCE FOR CONFERENCE ACTION. OTHER GG MEMBER COMMENTED THAT G-77 WILL INSIST THAT ANY SUCH TRANSMITTAL OR COUNCIL REPORT ON THIS ITEM WOULD SHOW OVERWHELMING SUPPORT IN COUCIL.

7. IN AFTERNOON, CONTACT GROUP MET IN LENGTHY SESSION WHICH FORTUNATELY SHIFTED ON TO AN IMPROVED BASIS. BACKGROUND FOR THIS DEVELOPMENT WAS CONVERSATION WHICH OCCURRED IN CORRIDOR BETWEEN DG AND FRENCH DEL OUT OF WHICH EMERGED DG INVITATION FRENCH TO JOIN CONTACT GROUP. PRIOR TO MEETING, FRENCH DEL SHOWED US SIMPLE TEXT OF KEY PARA WHICH HE PLANNED TO INTRODUCE. TEXT READS AS FOLLOWS AND WAS INTRODUCED TO CONTACT GROUP DISCUSSION IMMEDIATELY AFTER USDEL CONVEYED POSITION OUTLINED IN PARA 6
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ABOVE. FRENCH TEXT FOLLOWS: QUOTE DECIDES THAT THE AMOUNTS TO BE CREDITED TO MEMBER NATIONS IN ACCORDANCE WITH RESOLUTION 35,75 SHALL, NOTWITHSTANDING THE PROVISIONS OF FINANCIAL REGULATION 6.1(B), BE TRANSFERRED IN AN AMOUNT UP TO \$10 MILLION TO THE FUND ESTABLISHED UNDER THIS RESOLUTION, UNLESS SPECIFIC OBJECTIONS ARE LODGED BY MEMBER NATIONS FOR THE PORTION APPERTAINING TO SUCH MEMBER NATIONS AND NOTIFIED TO THE DIRECTOR-GENERAL BEFORE 31 JANUARY 1978; URGES MEMBER NATIONS TO REFRAIN FROM AVAILING THEMSELVES OF THE ABOVE-MENTIONED OPTION, IN ORDER THAT THE INITIAL CAPITAL IN THE FUND SHOULD REACH AN AMOUNT OF TEN MILLION DOLLARS. END QUOTE

8. PRINCIPAL IDEAS THAT WERE ELLICITED BY FRENCH MOVE, WHICH UK, NETHERLANDS AND USDEL STRONGLY SUPPORTED WERE:

(I) JORDANIAN SUGGESTION THAT IT COULD BE SUPPLEMENTED BY A REQUEST THAT GOVERNMENTS WITHDRAWING THEIR SHARE OF SUSPENSE ACCOUNT BE URGED TO MAKE CLEAR THEIR FUTURE INTENTIONS WITH RESPECT TO THE FUND IN SAME TIME FRAMES;

(II) BRAZILIAN SUGGESTION THAT, TO PROTECT DG'S WORK-
ING FUNDS, THERE BE ARRANGEMENT THAT NO GOVERNMENT COULD
RECEIVE ITS SHARE UNTIL TOTAL FUND HAD REACHED A GIVEN
FIGURE E.G. \$15 MILLION;

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(III) JORDANIAN SUGGESTION THAT IF GROUP-77 WERE TO
BUY FRENCH DRAFT, THERE MIGHT BE PACKAGE DEAL INVOLV-
ING GENEVA GROUP SUPPORT OF DG'S NEW BUDGET LEVEL. AS
THIS PACKAGE WAS DISCUSSED, IT BECAME CLEAR THAT DEAL
WOULD ALSO NEED TO BE MADE ON SPECIAL RESERVE ACCOUNT
WHICH GENEVA GROUP UNANIMOUSLY FELT WAS TOO BROADLY
DEFINED AND SOME FELT WAS TWICE AS LARGE AS IT NEEDED TO
BE. IT BECAME CLEAR TO MOST, HOWEVER, THAT PACKAGE DEAL
TOO COMPLICATED TO CONCLUDE IN TIME REMAINING BEFORE
END OF FAO COUNCIL. GENEVA GROUP REPS THEREFORE
AGREED TO RETURN TO GENEVA GROUP TO SEE WHETHER THEY COULD
COME UP WITH A VERSION OF FRENCH DRAFT WHICH WOULD
GUARANTEE DG MONEY AT A LEVEL SUFFICIENTLY CLOSE TO
\$10 MILLION TO PERMIT COUNCIL TO TAKE ACTION INDEPEND-
ENTLY ON A PHL RESOLUTION.

9. IN SUBSEQUENT LATE AFTERNOON GENEVA GROUP
MEETING, GENEVA GROUP AGREED THAT FOUR GENEVA GROUP
REPS SHOULD MEET WITH CONTACT GROUP AND STATE
THEIR WILLINGNESS TO ACCEPT FRENCH DRAFT AS STRENGTH-
ENED BY JORDANIAN ADDITION BUT TO AVOID PROMIS-

ING PACKAGE DEAL UNLESS CONTACT GROUP DECIDED TO
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STRING OUT NEGOTIATION PROCESS AND
AVOID FINAL COUNCIL ACTION THIS SESSION. GENEVA
GROUP MEMBERS AT FRG URGING, DECLARED THEMSELVES
ON HOW THEY EXPECTED GOVERNMENTS WOULD REACT IF
FRENCH CONCEPT PREVAILED, HAVING IN MIND THAT PRIVATE
OR PUBLIC ASSURANCES TO DG THAT HE WOULD GET IN
TIMELY FASHION THE MONEY HE NEEDED AT A LEVEL CLOSE
TO \$10 MILLION WOULD BE NECESSARY, IF HE WERE TO
ACCEPT FRENCH APPROACH.

10. IN SUBSEQUENT EVENING MEETING OF CONTACT GROUP,
USDEL REPORTED GENEVA GROUP POSITION AND FRENCH DEL
MADE CLEAR THAT ONLY GERMANS AND JAPANESE REMAINED
IN POSITION WHERE THEY MIGHT HAVE TO REQUEST RETURN
OF FUNDS WITHOUT MAKING A POSITIVE COMMITMENT OR
PLEDGE. DG, SEEING SOME EROSION IN GROUP-77
MEMBERS OF CONTACT GROUP, BEGAN TO STIFFEN AGAIN AT
THIS POINT, CLAIMING THAT HE WAS PESSIMISTIC
REGARDING EVENTUAL GERMAN OR JAPANESE INTENTIONS,
GIVEN THEIR RECORD AND APPREHENSIVE WHETHER U.S.
INTENTION TO CONTRIBUTE WOULD PRODUCE SATISFACTORY
TYPE OF FUNDING IF UNDP WERE TO BE INVOLVED.
USDEL STATED THAT IT WOULD BE A MISTAKE TO ASSUME
THAT IN US CONCEPT ON CONTRIBUTION UNDP WOULD MAKE
PROJECT DECISIONS. DG, HOWEVER, REMAINED SUSPICIOUS
UPSHOT OF CONTACT GROUP WAS DECISION TO CONTINUE TO
MEET LOOKING TOWARD DELIBERATION OF FAO CONFERENCE
ON THIS SUBJECT. MEANTIME COUNCIL WOULD TRANSMIT
REPORT OF COUNCIL CONSIDERATION OF MATTER INCLUDING
STATEMENT THAT DG RESOLUTION HAD MAJORITY SUPPORT,
A NUMBER OF COUNTRIES OPPOSED IT, AND CONTACT GROUP
HAD BEEN CREATED WHICH STILL IN OPERATION. USDEL
REACHED AGREEMENT WITH CHAIRMAN OF GROUP-77 THAT
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REPORT WOULD AVOID SUCH VERBS AS "ADOPT" OR
"RECOMMEND" DG RESOLUTION AND THAT COUNCIL'S DECISION
WOULD BE TO TRANSMIT IT FOR CONSIDERATION.

11. COMMENT: BELIEVE THIS ACCOMPLISHES OBJECTIVE OF
REFTEL FOR TIME BEING. IN ORDER TO STRENGTHEN OUR
SUPPORT IN FUTURE MEETINGS ON FRENCH CONCEPT WE
NEED:

(1) A CLEAR STATEMENT WE CAN USE WITH DG OF STATUS OF OUR INTENDED CONTRIBUTION, MANNER IN WHICH IT WOULD REACH HIM, LIKELIHOOD OF ANY UNDP OVERHEAD, CONDITIONS OR MANAGEMENT DECISIONS RELATING TO OUR MONEY AND UNDP'S INTENDED CONTRIBUTION AS WELL. (ADG WEST HAS STATED PRIVATELY THT MORSE TO SAOUMA LETTER RE WHAT UNDP IS PREPARED TO DO RE POST HARVEST LOSSES HAS AROUSED DG SERIOUSLY DESPITE FACT IF OFFERED DIRECT UNDP CONTRIBUTION).

(2) AUTHORIZATION TO ACCEPT DG'S NEW BUDGET LEVEL IF WE HAVE TO IN ORDER TO PUT PACKAGE TOGETHER.

(3) WILLINGNESS TO NEGOTIATE FURTHER ON DG'S PREPARED \$5 MILLION SPECIAL RESERVE ACCOUNT AND FORCING FULL JUSTIFICATION FOR WHATEVER AMOUNT DECIDED UPON AS WELL AS A RESTRICTION OF PURPOSES FOR WHAT IT CAN BE USED.
HOLMES

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